



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

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FOR IMMEDIATE RELEASE

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***Governor Snyder Determines a “Financial Emergency”
Exists in Muskegon Heights Schools
Students Education is Top Priority Amidst Financial Crisis***

Governor Rick Snyder today, informed the Muskegon Heights School District that he has determined a financial emergency exists in the district, following the recommendation of an 8-member, independent Financial Review Team which reported its findings last week. The initial review of the district was requested by the Muskegon Heights Board of Education in December.

“Ensuring a quality education for students in Muskegon Heights is our top priority,” Snyder said. “The appointment of an Emergency Manager is the logical next step in restoring financial stability to the troubled district, and in fact, is a step that has been requested by members of the Muskegon Heights Board of Education.”

Governor Snyder cited the following conditions, which were reported by the financial review team, in making his determination:

- The School District’s cumulative general fund deficit increased by 102 percent, from \$4,195,864 as of June 30, 2010 to \$8,472,543 as of June 30, 2011. The one-year increase resulted from expenditures and transfers out of the general fund exceeding revenues by \$4.2 million.
- Since at least the 2006 fiscal year, the School District has had a negative year-end fund balance in its general fund. Based upon Michigan Department of Education data, during this period, the negative year-end general fund balance has ranged from \$900,378 for in 2006 to a projected \$9.4 million for the current fiscal year which ends June 30, 2012.
- The School District’s pupil enrollment has decreased by more than 34 percent since 2006, from 2,142 pupils to 1,408 pupils in the current year.

- Due to the terms of a \$7.9 million State aid note for the School District, the Department of Treasury was required to intercept a 12% of the District's State aid payments beginning in February 2012 to ensure the timely repayment by the School District of that State aid note. These partial intercepts are in addition to a 100 percent intercept of the School District's August 2012 State aid payment, required by the loan terms. Even after the intercepts, the School District still will owe approximately \$6.3 million on its State aid note which is due in August.

Under Public Act 4 of 2011, the Local Government and School District Fiscal Accountability Act, the next step in the process is the appointment of an emergency manager. The Muskegon Heights School District may request a hearing upon the governor's determination. If a hearing is requested, it will be held on Wednesday April 18, 2012, at 10:00 A.M., at the State Board of Education room, in Lansing, Michigan, before the Superintendent of Public Instruction, Mike Flanagan.

For more information about PA 4, visit the Local Government Fiscal Health page on the Department of Treasury's website at www.michigan.gov/treasury.

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